

This record is a partial extract of the original cable. The full text of the original cable is not available.

UNCLAS SECTION 01 OF 03 COLOMBO 001328

SIPDIS

COMMERCE FOR ARI BENAISSA
STATE FOR SA/INS

E.O. 12958: N/A

TAGS: [KTDB](#) [BTIO](#) [EFIS](#) [ECON](#) [ETRD](#) [BEXP](#) [MV](#) [ECONOMICS](#)

SUBJECT: IMI MALDIVES FISHERIES SECTOR OPPORTUNITIES

1. Summary: The fisheries sector in the Maldives is growing rapidly. Fish exports were \$69.1 million in 2003, up 41 percent from 2002. Maldives would like to further develop its fisheries sector, which is dominated by tuna, to increase exports and value added production. The expansion in the fisheries sector will present opportunities for US companies. End Summary.

The Fisheries Sector

2. Tuna is the most important marine resource in the Maldives, representing 90 percent of the fishing catch, with skipjack tuna being by far the most important species at about 70 percent of the total catch. Skipjack is a lower quality tuna and is mainly utilized for canning. Skipjack is exported to Europe fresh, to Asia frozen for canning, and to Sri Lanka dried. Only four private fisheries zone operators and the government-owned Maldives Industrial Fisheries Company Ltd (MIFCO) are permitted to collect and export skipjack tuna. Skipjack exports in all forms were 108 thousand metric tons in 2003.

3. Yellowfin tuna, the second most important fisheries resource, comprise about 15 percent of the total catch. Yellowfin tuna fetches a much higher price than skipjack, and is more likely to be exported fresh or frozen as whole fish or loins. Total Yellow Fin exports in 2003 were 22.9 metric tons. Major markets for yellowfin tuna include Europe and the Japanese sashimi market. The collection and export of yellowfin tuna is not limited to zone operators.

4. In addition, there is multi-species reef fishery and limited fishery for aquarium fish (exported live).

Recent Trends

5. The last two years have yielded especially large hauls, due in part to the privatization of skipjack export. Fish export earnings registered a 41 percent increase in 2003 to \$69 million, following a 37 percent increase in 2002, mainly on the strength of the large frozen tuna exports during both years.

6. The government initiated a fisheries liberalization program in May 2001 in which Maldives was divided into four fishing zones running north to south. Two zones were privatized, and two zones continue to be controlled by MIFCO. Within each privatized zone, two zones operators are licensed to collect, process and export tuna. The private companies have initially tended to concentrate on frozen fish exports, but intend to expand into more processed exports. Value-added facilities are now under development in both MIFCO and privatized zones to expand freezing, canning, drying and other processing capabilities and should be operating by 2005.

7. Fishing inside the 75-mile coastal zone is limited to Maldivians. Foreigners are allowed to fish only in the Exclusive Economic Zone (EEZ), which extends from the coastal zone to a 200-mile offshore limit. Fishing in the EEZ is long-line and is dominated by foreign companies. MIFCO is the only Maldivian company currently engaged in long-line fishing in the EEZ, and its venture has not yet proved profitable.

8. Within the coastal area, harvesting is performed by local fishermen in small and medium sized motorized fishing vessels (known as dhonis) using traditional Maldivian fishing methods-primarily small scale reef fishing and pole and line tuna fishing-which are not environmentally detrimental. The recent increase in the price of fish offered to fisherman due to competition between zone operators has encouraged fisherman to upgrade to larger boats that can bring in a larger haul and remain at sea for a longer periods of time. Net fishing is illegal in the Maldives, and long-line fishing is permitted only in the EEZ.

MIFCO

19. MIFCO is engaged in purchasing and processing tuna in two zones and exporting under its own brand. In addition, it is processing fresh and frozen yellowfin tuna collected by other exporting companies. MIFCO is still the only company canning at this time, and also operates ice plants in its zones and a fresh frozen processing facility near Male.

110. MIFCO plans to invest \$5 million to expand skipjack collection and increase the capacity of its ice plants over the next two years, its first investment in skipjack since its creation. MIFCO also plans to increase its investment in yellowfin tuna by building a fresh fish processing facility on Gan island in the south of the country. The project will cost around \$7-8 million and should be completed by 2005.

Barriers to Development

11. The fisheries sector is currently disadvantaged by the lack of training for fishermen.

112. Financing is difficult for fisheries development because foreign investment tends to be drawn to the more visible, more highly organized and less risky tourism sector. This is compounded by the lack of collateral afforded by the licensing process, the past loans taken out by MIFCO, which have yet to be repaid in full, and the general lack of knowledge in the banking community about the fisheries sector.

LDC graduation

113. A large proportion of Maldivian fish products are currently exported duty-free to the European Union (EU) under LDC Generalized System of Preferences (GSP) programs. Following LDC graduation, the duty on EU exports could increase to 24.3 percent.

Potential Markets

114. Maldives fisheries industry present several areas with potential for U.S. suppliers.

Long-term financing: Financing is a perennial problem for Maldivian companies due to the dearth of development banks operating in the country. Private firms rely on foreign banks for long-term capital.

Equipment Supply: New facilities will require refrigeration and processing equipment. Ice plants and cooling systems are especially necessary. Private companies are mostly familiar with American brands and commend their reliability.

Fish Product Packaging: There will be opportunities to introduce and supply fish canning and disposable pouch packaging technology, in addition to technology for preparing pet foods, lunch packets, sausages and cutlets, fish oil and fishmeal.

Technical Expertise: Aquaculture is still in infant stages in the Maldives. Foreign technical knowledge will be required to investigate its feasibility.

US Companies interested in exploring these opportunities can contact the companies below:

Maldives Industrial Fisheries Company Ltd. (MIFCO)
Block 389, Hilaalee Magu
Male' 20-04, Republic of Maldives
Tel: 960-323932
Fax: 960-323955
Email: info@mifco.com.mv
Website: www.mifco.com.mv

Zone Operators:

Island Enterprises Pvt. Ltd.
Maaram, First Floor, Henveiru Ameeru
Ahmed Magu, P.O. Box 20169
Male' 20-05, Republic of Maldives
Tel: 960-323531/325643/322747
Fax: 960-325645
Email: fiberbot@dhivehinet.net.mv

Jausa Fisheries Project

115. Looza, First Floor, Hadheebee Magu
Male' 20-04, Republic of Maldives
Tel: 960-317575
Fax: 960-320997
Email: info@jausa.com.mv

Website: www.jausa.com.mv

Horizon Fisheries Pvt. Ltd.
Third Floor, No. 12 Boduthakurufaanu Magu
Male', Republic of Maldives
Tel: 960-328855
Fax: 960-324455
Email: info@horizonfisheries.com
Website: www.horizonfisheries.com

Exporters:

HMS Maldives Pvt. Ltd.
ADK Tower, Third Floor, Ameer Ahmed Magu
Male', 20096, Republic of Maldives
Tel: 960-334805
Fax: 960-325779
Website: www.hms.com.mv

Marine Coral Maldives Pvt. Ltd.
Alihavaa Building, Ibrahim Hassan Didi Magu
Male', Republic of Maldives
Tel: 960-313307
Fax: 960-325645
Email: coral@dhivehinet.net.mv
ENTWISTLE